

their cash reserves, but they have not supplanted the banknote currency and are not likely to be permitted to, unless the necessities of the government in time of war should become paramount to the commercial interests of the country.

The history of Canada is that of several separate provinces before the union in 1841. The movement for better banking facilities began independently, but almost simultaneously in each province early in the present century. The scarcity of specie or of any other circulating medium in lyower Canada was partially supplied by the "Army bills " issued by the government during the war with the United States and it was not until 1817 that a banking company was formed.¹ Previous attempts to found a bank had been addressed to the local legislature of Lower Canada, but on June 23, 1817, a meeting was held at Montreal at which an association was formed with a capital stock of ^250,000. An office was opened in August under the title of the Bank of Montreal, without waiting for legal authority, and what afterwards became the strongest institution of the Dominion was thus established. The bank was simply a private partnership, with unlimited liability of the shareholders, and continued so until the passage of a charter by the legislature on March 17, 1821, which was approved by the royal government and proclaimed on July 22, 1822.

Charters for the Quebec Bank and the Bank of Canada, situated at Montreal, were passed at the same session of the legislature and their approval by royal authority was pro-claimejd on November 30, 1822. The Quebec Bank had been organized in a similar manner to the Bank of Montreal on July 9, 1818, with a capital of ,£75,000, and the Bank of Canada had been organized on August 25, 1818, with a capital of ;£200,000. The charter of the Bank of Montreal, whose provisions were followed in the charters of the other two banks, gave the institution corporate powers until June

¹ The Army bills outstanding at the close of the war in March, 1815, were ^1,249,996, but they were receivable for public dues and convertible into government bills of exchange on London, and were reduced by May, 1816, to ^200,000.